



MODERN SLAVERY STATEMENT OF UNIQLO AUSTRALIA

This statement is in accordance with the requirement that Uniqlo Australia Pty Ltd (**Uniqlo Australia**) report for the fiscal year from 1 September 2019 to 31 August 2020 (**Fiscal Year 2020**) under the *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**). In this statement, Uniqlo Australia adopts the meaning of modern slavery as defined in the Modern Slavery Act.

Uniqlo Australia is committed to taking action to eliminate modern slavery from our supply chain and business. As a member of the Fast Retailing Group (**Fast Retailing**), our mission is to create truly great clothing with new and unique value, and to enable people all over the world to experience the joy, happiness and satisfaction of wearing such great clothes. The concept of truly great clothing includes conducting ourselves in good faith, respecting the environment and upholding human rights across all business activities.

REPORTING ENTITY AND CORPORATE STRUCTURE OF REPORTING ENTITY

Uniqlo Australia is a wholly owned subsidiary of Fast Retailing Singapore, itself a wholly owned subsidiary of Fast Retailing Co., Ltd. (**Fast Retailing**), a company which is listed on the Tokyo Stock Exchange. Uniqlo Australia does not itself own or control other entities.

OPERATIONS AND SUPPLY CHAINS OF THE REPORTING ENTITY

Operations: retail sale of UNIQLO casual wear

Uniqlo Australia is a retailer of UNIQLO branded men's, women's and children's fashion apparel, footwear, small gift items and related accessories (**UNIQLO casual wear**). We employ over 1,800 people across our Melbourne headquarters and 25 Australian retail stores.

Supply chains: UNIQLO casual wear

Uniqlo Australia does not manufacture UNIQLO casual wear.

Fast Retailing is an apparel retail group with global operations, mainly conducted through its UNIQLO casual wear brand. Fast Retailing engages with garment factories (**Partner Factories**) and fabric mills to produce fabric and manufacture garments. Fast Retailing does not own Partner Factories or fabric mills.

Uniqlo Australia procures UNIQLO casual wear through our supplier agent, Uniqlo Co., Ltd., also a subsidiary of Fast Retailing, however the Partner Factories are the ultimate suppliers of the product in the supply chain.

In this way, the Partner Factories form part of Uniqlo Australia's supply chain.

Supply chains: other goods and services

Uniqlo Australia procures a range of other goods and services from Australian and international suppliers. For example, information and communication technology services and products, marketing and media collateral and services, various professional services



(including facilities and property management, financial, insurance and legal), and transport, storage, construction, security and maintenance services.

RISKS OF MODERN SLAVERY PRACTICES IN THE OPERATIONS AND SUPPLY CHAINS OF THE REPORTING ENTITY

Operations

Uniqlo Australia has assessed its retail operations as being at low risk of modern slavery.

Our operations primarily involve our personnel delivering a retail experience in stores or carrying out various other business and operational functions in our Melbourne headquarters. Uniqlo Australia has human resources policies and procedures in place and is compliant with Australia's framework of legislation, including the *Fair Work Act 2009* (Cth), that govern its workplaces. This framework regulates and protects our workplace conditions and employee health and safety and operates to prevent modern slavery in Australian workplaces.

Supply chains: UNIQLO casual wear

Production of fabric for and manufacture of UNIQLO casual wear is conducted in Partner Factories and fabric mills in countries including China, Vietnam, Indonesia, Bangladesh, Turkey, and India. Workers in fabric and garment manufacturing in some of these regions of the world are known to be at risk of modern slavery.

In particular, Fast Retailing recognises there are salient human rights risks in its supply chain. These can include child labour, illegal employment of young workers, forced labour, coercion and harassment, discrimination, serious health and safety violations, serious violation of freedom of association, insufficient wage payments, excessive working hours, transparency issues such as false records and unauthorised subcontracting. Uniqlo Australia therefore recognises that these human rights risks are also indicators of a risk of modern slavery in our supply chain.

Supply chains: other goods and services

We procure goods and services from international and Australian providers and acknowledge that suppliers present different forms and degrees of modern slavery risks.

Uniqlo Australia undertook a review of all suppliers of other goods and services in the Fiscal Year 2020. Our review indicated there is not a high risk of modern slavery in this aspect of our supply chain. Most of the suppliers to Uniqlo Australia are service providers, whose personnel are providing services within Australia and therefore will be governed by a framework of Australian legislation.

However, we acknowledge that risks of modern slavery can be "hidden" further along a supply chain. For this reason, Uniqlo Australia will complete a further review of suppliers in future. Areas Uniqlo Australia may focus on, due to those areas having higher modern slavery risk factors, are likely to include security services, ICT and electronics procurement, and cleaning services.



ACTIONS TAKEN BY THE REPORTING ENTITY TO ASSESS AND ADDRESS RISKS OF MODERN SLAVERY IN ITS SUPPLY CHAIN, INCLUDING DUE DILIGENCE AND REMEDIATION PROCESSES, AND HOW THE REPORTING ENTITY ASSESSES THE EFFECTIVENESS OF SUCH ACTIONS

This statement will focus on the aspect of Uniqlo Australia's operations and supply chain that we consider to be at the highest risk of modern slavery, which is the UNIQLO casual wear supply chain.

To safeguard human rights and protect against modern slavery risks in the supply chain, Fast Retailing has taken a range of initiatives, including establishing the policies and processes that are outlined in this statement. These policies and initiatives also apply to Uniqlo Australia, as we are a Fast Retailing company.

Human Rights Policy: establishing a supply chain that respects people's human rights

Fast Retailing has established a [Human Rights Policy](#) that is in accordance with international standards including the United Nations Guiding Principles on Business and Human Rights (**UNGP**) and the International Labour Organization's (**ILO**) Declaration of Fundamental Principles and Rights at Work.

This policy applies to all employees of Fast Retailing and all workers in Fast Retailing's supply chain. The policy's purpose is to ensure Fast Retailing takes joint measures with its Partner Factories to promote respect for and safeguard human rights, and to avoid violation of human rights that can occur through, for example, child labour or forced labour. Such measures include Fast Retailing's mandate under the policy to urge its Partner Factories to cooperate and adopt similar policies to respect human rights, and the development of a Code of Conduct for Production Partners (discussed below) (**Code of Conduct For Production Partners**).

Supply Chain Policy and Code of Conduct for Production Partners: building stronger relationships with Partner Factories

Under its [Supply Chain Policy](#), Fast Retailing aligns with the UNGP and other international human rights principles and declarations and is committed to resolving labour and any other workplace issues in the Fast Retailing supply chain. This involves building stronger relationships with Partner Factories that produce UNIQLO casual wear garments, to foster workplaces that protect the health and safety of workers, and respecting human rights and other rights guaranteed by law for all people in Partner Factories.

For example, Fast Retailing has production offices in major production countries, responsible for oversight of relationships with Partner Factories. Fast Retailing also maps and monitors all Partner Factories and key fabric mills for modern slavery risk factors, such as poor labour conditions.

A key initiative to address modern slavery in its supply chain is Fast Retailing's [Code of Conduct for Production Partners](#). The code is based on the core labour standards of the ILO and sets minimum standards including for legal compliance, child and forced labour, health and safety and working conditions. To ensure potential partners comply with the Code of Conduct for Production Partners, Fast Retailing conducts due diligence of any



potential new partners prior to commencing business with them. Fast Retailing only does business with those partners confirmed to meet standards for commencing new business relationships and becoming a Fast Retailing Partner Factory.

During the Fiscal Year 2020, Fast Retailing conducted training for a total of 489 factories across 22 different countries. Training is developed to ensure Partner Factories understand the Code of Conduct for Production Partners, the latest labour standards and local legal requirements and apparel industry issues, such as fire prevention safety standards, correct pay calculations for overtime work and other matters.

Fast Retailing's [Responsible Procurement policy](#) establishes a structure to maintain proper procurement procedures and escalate any procurement problems that arise in Partner Factories. Policy initiatives include the following:

- Weekly factory visits provide a clear picture of production at Partner Factories and an opportunity to offer guidance for improvement.
- Dedicated sustainability teams assigned to local production offices, to specialise in initiatives at Partner Factories.
- Training that covers our Code of Conduct for Partner Factories as well as country-specific education on laws, apparel industry issues, and sustainability issues in production operations. In 2018, Fast Retailing conducted training sessions of procurement guidelines and procedures for a total of 480 relevant representatives from the merchandising, marketing, R&D, and production departments of each Fast Retailing Group brand, including Uniqlo Australia.

Monitoring and Evaluation of Production Partner Factories

In addition to the actions taken to address supply chain risks outlined above, Fast Retailing [monitors and evaluates](#) the labour conditions at all Partner Factories and key fabric mills, in accordance with the standards established in the policies and code outlined above.

Detailed Inspections and Audits

Fast Retailing has a workplace monitoring system in place under which it conducts regular workplace audits and grades Partner Factories on their results. Third party firms undertake the audits to assess whether Partner Factories comply with the Code of Conduct for Production Partners. Audits can involve worker interviews, consultation with unions and worker representatives, management interviews, document review, and visual inspections to monitor human rights abuses, poor labour conditions, environmental preservation practices, and more as per our Code of Conduct for Production Partners.

Once an audit is complete, Fast Retailing will require factories to adopt any necessary improvement measures and take corrective action for any non-compliant issues as determined by an audit. Fast Retailing is most concerned with identifying the true underlying issue, and working on an ongoing basis with partners to rectify any problems. Follow-up audits are conducted to verify that violations to the Code of Conduct for Production Partners have been resolved and if factories are unable to correct the violations within the determined timeframe, Fast Retailing escalates these matters to its

Business Ethics Committee, which determines whether to terminate or modify our business relationship after discussing the potential impact on the management and employment situation of the partner in question.

CASE STUDY: ANNUAL AUDIT RESULTS

Compared to our fiscal year 2019 (September 2018 to August 2019), in the Fiscal Year 2020 Fast Retailing found that the ratio of factories evaluated as more compliant in the audit process slightly increased while the ratio of factories evaluated as less compliant slightly decreased.

In the Fiscal Year 2020, as site visits were restricted due to COVID-19, Fast Retailing provided the factories with remote guidance using webcams and encouraged the factories' self-check and improvement activities, which have contributed to improving the overall evaluation. However, Fast Retailing's challenge has been that even in the factories whose evaluations improved in the past, new findings continue to be detected in the annual audits. Fast Retailing is now reviewing the current monitoring system aiming at fundamentally improving the labour management of the factories.

Grievance Mechanisms

Fast Retailing requires Partner Factories to establish their own mechanism to address employees' grievances as part of proper business management. Their compliance with the standards and requirements for grievance mechanisms are confirmed through audits. In addition, the functionality and performance of grievance mechanisms is assessed using an assessment tool.

Fast Retailing also established a Factory Hotline that provides a direct and anonymous channel for employees and organisations representing a group of individuals at key Partner Factories and key fabric mills to make contact without fear of reprisal from their employer. When a human rights violation is identified, Fast Retailing requires the Partner Factory or the fabric mill to make improvements and corrections in line with ILO Fundamental Conventions, local labour laws and the Code of Conduct for Production Partners and follows up the corrective action until resolved.

Publication of Partner Factories and workplace monitoring results

In the interests of transparency and continuous improvement, Fast Retailing publishes a [list of Partner Factories](#) annually and [publishes results of workplace monitoring](#) each fiscal year. This includes a summary of Partner Factories' grading in the audit process, including deficiencies and improvements and areas that Fast Retailing seeks to improve.

For example, for the sole factory graded at level E (major human rights or occupational health and safety violation), Fast Retailing agreed with the factory's management on improvements it must make and gave a strict warning that we will reduce or terminate business if violations remain unresolved.

Contributing to global governance and regulation of supply chains

Fast Retailing engages with stakeholders to understand human rights issues in detail, plan and take countermeasures and to execute preventive measures. Collaborating with relevant experts, Fast Retailing takes concrete initiatives on some important human rights issues in global supply chains.

For example:

- The Code of Conduct for Production Partners has been refined over time to reflect international standards. For example, in September 2016, as one part of Fast Retailing's efforts with the Fair Labor Association (**FLA**), Fast Retailing clarified requirements on wages and benefits in line with the core labour standards of the ILO.
- [Prevention of Child Labour](#): Fast Retailing is working to abolish and prevent child labour based on the international guidelines such as Children's Rights and Business Principles (developed by UNICEF, the UN Global Compact and Save the Children).

CASE STUDY: ADDRESSING RISKS OF CHILD LABOUR IN MYANMAR

Partner organisation: SMART Myanmar

In Myanmar, Fast Retailing partnered with SMART Myanmar to conduct supplier training on child labour risk and prevention, and young worker labour laws in 2018. It provided guidance on proper age verification and recruitment processes as well as on remedial actions to take if an issue is found. Following the training, Partner Factories developed or reinforced their internal rules and procedures and they are establishing recruiting process to check workers' age carefully.

In 2019, Fast Retailing and a social enterprise, CCR CSR, launched a program for the main factories used for Fast Retailing production located in Myanmar. CCR CSR has been a pioneer in consulting businesses on child rights since 2009. CCR CSR has extensive experience and expertise in helping companies improve, develop and implement child-rights related CSR strategies, programs and projects.

- [Responsible Recruitment](#): In February 2019, Fast Retailing signed the Commitment to Responsible Recruitment (developed by the FLA and the American Apparel & Footwear Association (AAFA) to address potential forced labour risks for migrant workers in the global supply chain).

Fast Retailing strives for continuous improvement in its action to prevent modern slavery risks in its supply chain. The following case study provides a recent example of its efforts to mitigate modern slavery risks by working with Partner Factories to ensure they engage in responsible recruitment.

CASE STUDY: ADDRESSING MODERN SLAVERY RISKS IN RECRUITMENT OF MIGRANT WORKERS IN MALAYSIA, THAILAND AND JAPAN

Supporter organisation: International Organisation for Migration

Fast Retailing is addressing modern slavery risks through closer supplier engagement and improving international recruitment practices in line with its commitment to the Responsible Recruitment as defined by FLA and AAFA. Fast Retailing developed supplier guidelines and an assessment tool of Partner Factories' recruitment practices and management system with the support of the International Organisation for Migration (**IOM**).

In October 2020, Fast Retailing started assessment of its Partner Factories in Malaysia, Thailand and Japan, where it identified higher modern slavery risks of migrant workers. Fast Retailing is supporting the factories to formulate the remediation plans for the findings in their recruitment processes and management systems and it will monitor the factories' remediation progress.

Fast Retailing plans to continuously work with IOM to develop training programs and will provide factories with training of how to conduct risk assessment in recruitment and pre-departure orientations to migrant workers in their countries of origin.

- [Wages and Benefits & Living Wage](#): As a member of the FLA, Fast Retailing is committed to fair compensation. Fast Retailing will analyse compensation data and how it is paid in Partner Factories in collaboration with FLA to understand how solutions can be implemented to address identified wage gaps.

ANY OTHER INFORMATION THAT THE REPORTING ENTITY CONSIDERS RELEVANT

Fast Retailing's UNIQLO achieved top marks in an independent review of steps we have taken to protect and support the most vulnerable workers in their supply chains

In 2020, Baptist World Aid Australia (**BWAA**) found that garment workers in vulnerable communities are facing some of the greatest challenges due to the COVID-19 pandemic. In place of BWAA's annual Ethical Fashion Report, it produced a [COVID Fashion Report](#).

BWAA reviewed data on six COVID Fashion Commitments (aligned with the ILO's Call to Action *COVID-19: Action in the Global Garment Industry*), to identify steps and measures companies are taking to protect and support the most vulnerable workers in their supply chains. BWAA assessed and verified data from approximately 500 Australian brands.

Fast Retailing's UNIQLO actively participated and made submissions to BWAA for the purpose of the report. We received the highest ranking available from BWAA, in recognition of our ethical fashion practices to safeguard the security of supply chain workers through the global COVID-19 pandemic.



Fast Retailing has taken measures to address the impact of the COVID-19 pandemic on operations and supply chains, including through recognition of increased modern slavery risks and by responding to those risks

Fast Retailing recognises the humanitarian and economic threats posed by the COVID-19 pandemic and has developed specific [support for manufacturing partners and workers across the supply chain during the COVID-19 pandemic](#). For example:

- In recognition that migrant workers (people working outside their home country or region) are particularly vulnerable during the COVID-19 pandemic, Fast Retailing is working with the IOM to ensure migrant workers receive adequate support from their employer factory. With the cooperation of Partner Factories, Fast Retailing will conduct a survey of how the COVID-19 pandemic impacts migrant workers and will work with the IOM to provide additional support for issues identified through the survey.
- Fast Retailing established a formal point of contact to assist factories with enquiries about their obligations to employees, helping to ensure that factory employees receive any compensation to which they are entitled in accordance with the laws and regulations of their country.
- Fast Retailing continued to operate its anonymous hotline that factory workers can use to contact us directly to report violations of their rights, safety or dignity.

APPROVAL OF STATEMENT

In accordance with section 13 of the Modern Slavery Act, this statement was approved by the Board of Uniqlo Australia Pty Ltd on 23 February 2021.

A handwritten signature in black ink, appearing to read 'Kensuke Suwa'.

Kensuke Suwa
Director and Co-Chief Operating Officer, Uniqlo Australia Pty Ltd
24 February 2021